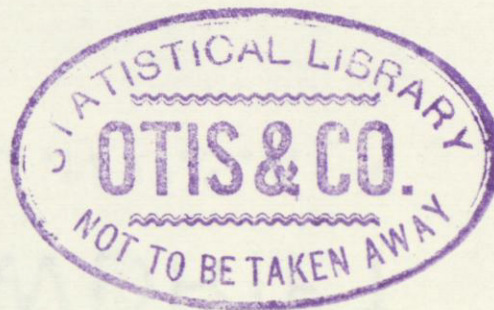
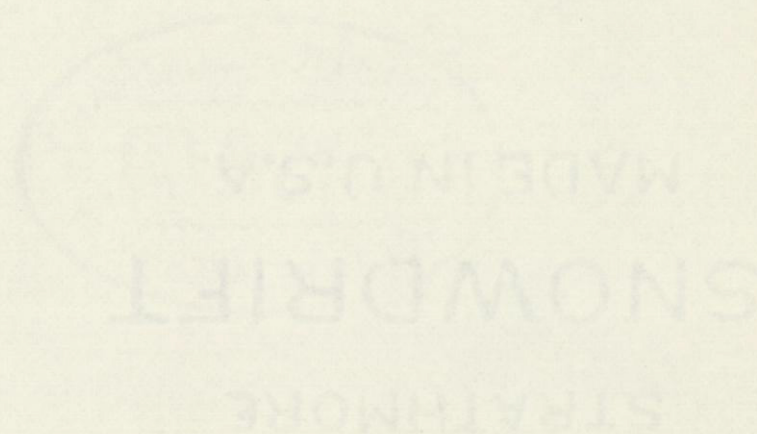


SEVENTH
ANNUAL REPORT
OF
JEWEL TEA CO., INC.



1922

SEVENTH
ANNUAL REPORT
OF THE
JEWELL TEA CO., INC.



1935

JEWEL TEA CO., INC.

GENERAL OFFICES:

5 NORTH WABASH AVENUE

CHICAGO, ILLINOIS

DIRECTORS:

H. S. BOWERS

RAYMOND E. DURHAM

JOHN M. HANCOCK

M. H. KARKER

ARTHUR LEHMAN

HERBERT H. LEHMAN

F. P. ROSS

ARTHUR SACHS

O. B. WESTPHAL

OFFICERS:

JOHN M. HANCOCK, President

O. B. WESTPHAL, Vice President

A. VERNON JANNOTTA, Secretary

F. M. KASCH, Treasurer

R. T. PURDY, Assistant Treasurer

TRANSFER AGENT:

IRVING BANK-COLUMBIA TRUST COMPANY, 60 Broadway, New York City

REGISTRAR:

LAWYERS TITLE & TRUST CO., 160 Broadway, New York City

AUDITORS:

TOUCHE, NIVEN & CO., Public Accountants

New York and Chicago

JEWEL TEA CO., INC.,

5 North Wabash Avenue,

Chicago, Illinois, March 2, 1923.

To the Stockholders:

The seventh annual report, including the financial results of operations of your Company for the fiscal year ending December 31, 1922, and the balance sheet of that date, is herewith submitted.

The net profits for the year amount to \$152,149.77.

The final payment of \$1,000,000 of the Serial 6% Gold Notes was made on May 1, 1922.

From the first of the year until the coal mining strike on April 1, the volume of sales was maintained. That strike and the railroad shop workers' strike on July 1 had a very serious effect upon sales until September. The reduction in sales decreased the earnings of the salesmen, with resulting frequent changes among them, heavy loss of customers, and added expenses for training new salesmen.

The coffee valorization plans of the Brazilian government have resulted in a large increase in the cost of green coffee since January 1, 1922, but present prospects are that an unusually large crop of coffee will come into the market after July, 1923, at a much lower cost.

In view of the reduced earnings of the salesmen prior to September, 1922, and the frequent changes among them, the management considered it advisable not to increase retail coffee prices, as thereby sales resistance could be reduced, volume increased, new customers secured more easily, the salesmen placed upon a satisfactory basis of earnings, and the foundation laid for improved profits as soon as green coffee should recede to a normal market price, with the possibility that the added volume alone would result in a reasonable profit. The policy was proved to be sound, for weekly sales increased over 33% above the low level during the strike period, labor turnover was reduced by 40% and reasonable profits were realized.

Your President and Vice President have traveled over almost the whole territory covered by the Company and have seen over 95% of the field organization since September.

Volume for the past five months has averaged 10% higher per selling unit than the highest yearly average in the Company's history, and at this time it is 17% higher than the highest previous yearly average.

As a result of the personal contact with the field selling organization, of the coffee price policy referred to above, and of the large increase in sales, the morale of the organization is much improved.

The management confidently expects still further improvements.

JOHN M. HANCOCK, President.

JEWEL TE

BALANCE SHEET—D

ASSETS

CURRENT ASSETS:

Inventories:

Products Merchandise	\$ 1,457,522.17	
Premium Merchandise	769,691.82	
		\$ 2,227,213.99

Accounts and Notes Receivable (less Reserve)	310,508.86
Trust Fund Investments (Surety Deposits, per contra)	48,405.08
Cash in Banks, on Hand and in Transit.	320,290.19

\$ 2,906,418.12

DEFERRED CHARGES:

Premium Merchandise (at Cost) Advanced to Customers (less Reserve)	\$ 355,475.89	
Claim for Federal Tax Recoverable	104,653.45	
Inventories of Expense Supplies	54,239.63	
Unexpired Insurance and Prepaid Rent	15,709.03	
Improvements on Leased Premises	23,638.63	
Prepaid Interest	9,930.92	
		563,647.55

CAPITAL ASSETS (less Depreciation Reserves):

Machinery, Furniture and Fixtures at plants	\$ 148,795.81
Delivery and Branch Equipment	364,480.64
	\$ 513,276.45

GOODWILL 12,000,000.00

12,513,276.45

DEFICIT:

Balance, January 1, 1922	\$ 1,185,830.80
Net Income for year, as per Statement Attached	152,149.77

Net Deficit, December 31, 1922 1,033,681.03

\$17,017,023.15

We have audited the books and accounts of the JEWEL TEA CO., INC., for the year ended 1
Account are in accordance therewith, and exhibit, in our opinion, a correct statement of

CHICAGO, March 2, 1923.

A CO., INC.
DECEMBER 31, 1922.

LIABILITIES

CURRENT LIABILITIES:

Notes Payable	\$ 450,000.00	
Letters of Credit and Acceptances.....	710,305.92	
Accounts Payable	141,826.28	
Federal and Other Taxes and Wages Accrued.....	26,485.87	
Surety Deposits (Specific Funds, per contra)	48,405.08	
		\$ 1,377,023.15

CAPITAL STOCK:

Authorized and Issued—

7% Cumulative Preferred Stock—40,000 Shares of \$100.00 Each....	\$ 4,000,000.00	
Whereof Retired and Cancelled.....	360,000.00	
Balance Outstanding	\$ 3,640,000.00	
Common Stock—120,000 Shares of \$100.00 Each.....	12,000,000.00	
		15,640,000.00

CONTINGENT LIABILITY:

For Letters of Credit Issued Against Coffee on Contracts, not Received or shipped at December 31, 1922.....	\$ 312,175.00
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Note:—Preferred Stock Dividend in Arrears since October 1, 1919; cumulative amount at December 31, 1922.....	\$ 828,100.00
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\$17,017,023.15

December 31, 1922, and hereby certify that the above Balance Sheet and accompanying Income
the financial position of the Company at that date and of its operations for the year then ended.

TOUCHE, NIVEN & CO.,
Public Accountants.

JEWEL TEA CO.. Inc.

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 1922

NET OPERATING PROFIT for the year ended December 31, 1922.....	\$101,700.00
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OTHER INCOME:

Profit on Sales to Wholesale Customers and others.....	\$14,702.45	
Profit from Sub-leases of Hoboken Plant.....	47,722.36	
Discount on Purchases and Interest (net).....	56,127.93	
Miscellaneous	2,821.84	
	<hr/>	121,374.58
		<hr/>
		\$223,074.58

DEDUCTIONS FROM INCOME:

Interest and Amortization of Discount and Expenses on Gold Notes.	\$28,386.39	
Reduction of Inventories from Cost to Market.....	14,708.48	
Special Advertising Expenses.....	6,094.25	
	<hr/>	49,189.12
		<hr/>

NET INCOME, Before Deducting Federal Taxes thereon	\$173,885.46
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DEDUCT: Provision for Federal Income Taxes.....	21,735.69
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BALANCE, being Net Income for the Year Ended December 31, 1922.....	<hr/> <hr/> \$152,149.77
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MADE IN
SNOW
STRATH

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MADE IN

CHINA

MADE IN

MADE IN U.S.A.

SNOWDRIFT

STRAITHMORE

10-15

MADE IN U.S.A.

PHONODISC

STYLING

10-15